

Document:	<u>GC 41/L.3/Add.1</u>
Agenda:	<u>6</u>
Date:	<u>13 February 2018</u>
Distribution:	<u>Public</u>
Original:	<u>English</u>

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Investing in rural people

Report of the Consultation on the Eleventh Replenishment of IFAD's Resources

Addendum

Governing Council — Forty-first Session
Rome, 13-14 February 2018

For: Approval

Report of the Consultation on the Eleventh Replenishment of IFAD's Resources

Addendum

The attention of the Governing Council is drawn to the following addendum and modifications to the Report of the Consultation on the Eleventh Replenishment of IFAD's Resources (GC 41/L.3).

These changes were endorsed by the IFAD11 Consultation at its fifth session on 12 February 2018. They reflect the agreement reached by the Consultation with respect to the targets for IFAD11 replenishment contributions and programme of loans and grants. In addition, it updates annex XI, appendix III to provide the status of pledging up to 12 February 2018.

For ease of reference, the changes to the text of the report are underlined, while strikethrough indicates deleted text.

Executive summary

Page v, paragraph 3

The Consultation agreed on an important programme of business model enhancements aimed at ensuring excellence in operations, with a strong focus on value for money and a commitment to transparency, accountability and results. ~~The Consultation also agreed to expand the resources of the Fund by US\$100 million per year, to reach a total of US\$3.5 billion for the three years of IFAD11.~~ Combined, these changes and increased financing will enable IFAD to increase its outreach from almost 100 million poor rural people today, to 120 million by the end of 2021 and achieve greater impact across a range of the SDGs – from improved incomes, resilience and nutrition to increased agricultural production and market access. A new focus on youth and youth employment and new approaches to engaging with the private sector will create opportunities and bring a better quality of life to marginalized rural areas, giving choices to young rural people who would otherwise see migration as their only hope.

Page v, paragraph 4

While Members' replenishment contributions will remain the foundation of the Fund's capital and commitment capacity (with a replenishment contribution target of ~~US\$1.2 billion~~), borrowing from Member States and their institutions will be fully integrated into the financial framework of the Fund for the first time. The Fund will also embark on a road map that aims to ready IFAD for possible market borrowing. This financial strategy will enable IFAD to focus its core resources on the poorest people and the poorest countries, while remaining universal and offering a mix of lending and non-lending support to all its developing Member States.

Page vii, paragraph 13

For IFAD11, the Consultation endorsed a target PoLG of ~~US\$3.5 billion~~, representing an increase of ~~about 10 per cent~~, or US\$100 million per year, with respect to IFAD10. In order to achieve this PoLG, the target for replenishment contributions was set at US\$~~1.2 billion~~. Replenishment contributions include core contributions, unrestricted complementary contributions, and the grant element of CPLs. The IFAD11 targets are based on assessments of Members' demand and the Fund's capacity to deliver, and are considered to be both ambitious and realistic. The increase demonstrates Member States' strong support for IFAD, and testifies to

the growing demand for IFAD's assistance and the meaningful contribution it can make to the 2030 Agenda. The Consultation also reviewed IFAD's Debt Sustainability Framework (DSF) and agreed to maintain it in its current format. Members agreed to meet their respective commitments to provide full capital compensation as provided under the DSF, amounting to a total of US\$39.5 million during IFAD11.

Main report

Page 1, paragraph 1

At its fortieth session, IFAD's Governing Council established the Consultation on the Eleventh Replenishment of IFAD's Resources (IFAD11).³ The Council requested that the Consultation submit a report on the results of its deliberations to the forty-first session. The Consultation finalized and endorsed this report at its fourth session, on 14-15 December 2017, and recommended a draft resolution on IFAD11 and a draft resolution on market borrowing to the Governing Council for adoption. †The IFAD11 replenishment contributions and programme of loans and grants (PoLG) targets were agreed at a fifth session of the Consultation on 12 February 2018.†

Page 13, paragraph 40

To strengthen IFAD's role as an assembler of development finance, a comprehensive leveraging strategy will be implemented. While core replenishment contributions will remain the foundation of IFAD's capital and financial commitment capacity, borrowing will be integrated into the financial framework for the first time, utilizing the existing Sovereign Borrowing Framework (SBF), and adapting the concessional partner loan (CPL) frameworks successfully introduced by the International Development Association (IDA) and African Development Fund (AfDF) to IFAD's specific requirements. During IFAD11, IFAD will also make preparations for possible market borrowing in accordance with the agreed road map for IFAD's financial strategy (annex VII). Details on the IFAD11 financial framework and IFAD's financial strategy are provided in section [IV](#).

Page 39, paragraph 96

The Consultation endorsed an IFAD11 PoLG target of †US\$3.5 billion†, representing an increase of †about 10 per cent† compared to IFAD10. This increase has been derived from assessments of Member States' demand and the Fund's capacity to deliver, and is considered by Management as both ambitious and realistic. The increase also demonstrates strong Member support for IFAD and the need for IFAD to respond to the growing demand for its assistance and to contribute meaningfully to the 2030 Agenda. Benefits from economies of scale and the business model enhancements outlined in section III will ensure that the increase in IFAD's impact exceeds the proposed increase in the PoLG (see section V, Results Management Framework). Furthermore, IFAD's mainstreaming approach will ensure these resources are programmed and delivered in ways that are nutrition-, gender-, youth- and climate-sensitive.

Page 40, paragraph 99

The target for replenishment contributions for IFAD11 will be †US\$1.2 billion†.⁹¹ This target includes core contributions, UCCs, and the grant element of eventual CPLs – it does not include DSF compensation (see below). The target has been established based on projections of the Fund's available resources at the end of IFAD10, together with resources derived from operations or otherwise accruing to the Fund, and an assumed leveraging effect of †36 per cent† of Members' grant contributions. Should further borrowed funds be available through the SBF or as CPLs, Management may increase leverage up to the agreed maximum 50 per cent.

To achieve the replenishment target, Member States across all lists are encouraged to increase their contributions, and Management will continue to encourage non-Member States to contribute to and/or join the Fund. Given a target cofinancing ratio 1:1.4, this would result in an overall PoW of US\$8.4 billion, meaning each dollar contributed to IFAD11 would translate into at least US\$7.00 in the PoW.

Annex I – IFAD11 matrix of commitments, monitorable actions and timeline

Page 46, table 1, commitment 1.1

Increase resources by integrating borrowing into IFAD's financial framework and achieving the target programme of loans and grants (PoLG) of US\$~~3.5~~ billion

Page 46, table 1, commitment 1.2

Strengthen IFAD's role as an assembler of development finance to expand the programme of work to US\$~~8.4~~ billion

Annex IX – Draft resolution on the Eleventh Replenishment of IFAD's Resources

Page 119

Having taken into account and agreed on the conclusions and recommendations of the Report of the Consultation on the Eleventh Replenishment of IFAD's Resources (GC 41~~/L.3~~)(the Eleventh Replenishment Report) regarding the need and desirability of additional resources for the operations of the Fund; and

Page 120, paragraph 1

Available resources. The Fund's available resources at the end of the Tenth Replenishment period, together with the funds to be derived from operations or otherwise accruing to the Fund, other than borrowed funds, during the three-year period commencing 1 January 2019 (the replenishment period), are estimated at US\$ ~~2.43~~ billion.

Page 120, paragraph 3

Target for additional contributions. The target for additional contributions, including core contributions, unrestricted complementary contributions and the grant element of any concessional partner loan, during the Eleventh Replenishment (the Replenishment) is set at the amount of US\$~~1.2~~ billion in order to support a target programme of loans and grants of US\$~~3.5~~ billion (in all cases, the allocation being determined through the performance-based allocation system).

Page 121, paragraph 6

DSF compensation contributions. In relation to paragraph 5(b) of this Resolution, the Member States' commitment to compensate the Fund for principal foregone as a result of DSF implementation is reaffirmed. Such compensation shall be made in the amount of US\$~~39.5~~ million in respect of this replenishment period and shall be paid in accordance with the list of DSF compensation shares for Member States set forth in the annex referred to in paragraph 5(b) above. In addition, it is affirmed that the Fund be further compensated for net losses in interest and service charges incurred as a result of the provision of DSF financing. In particular:

Annex X –Draft resolution on market borrowing

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Acting upon the conclusions and recommendations of the Report of the Consultation on the Eleventh Replenishment of IFAD's Resources (GC 41~~/L.3~~)

and having adopted the resolution on the Eleventh Replenishment of IFAD's Resources annexed to such Report (Governing Council Resolution ___/XLI);

Annex XI, appendix III

The table should be replaced by the following:

Contributions of Member States at 12 February 2018

<i>Member State</i>	<i>Core contributions in US\$^a</i>	<i>DSF contributions in US\$^a</i>	<i>Unrestricted complementary contributions in US\$^a</i>	<i>Grant element of CPL in US\$^a</i>	<i>Total amount in US\$^a</i>	<i>Currency of contribution^b</i>	<i>Total contribution in currency of contribution</i>	<i>Equivalent in SDR^c</i>
Afghanistan						US\$		
Albania						US\$		
Algeria						US\$		
Angola ^j	1 925 193	74 807			2 000 000	US\$	2 000 000	1 432 000
Antigua and Barbuda						US\$		
Argentina						US\$		
Armenia						US\$		
Austria ^d	17 701 916	661 450			18 363 365	EUR	16 000 000	13 148 169
Azerbaijan						US\$		
Bahamas (The)						US\$		
Bangladesh	1 476 377	23 623			1 500 000	US\$	1 500 000	1 074 000
Barbados						US\$		
Belgium						EUR		
Belize						US\$		
Benin						US\$		
Bhutan	30 000				30 000	US\$	30 000	21 480
Bolivia (Plurinational State of)						US\$		
Bosnia and Herzegovina						US\$		
Botswana						US\$		
Brazil						US\$		
Burkina Faso						US\$		
Burundi						US\$		
Cambodia	450 000				450 000	US\$	450 000	322 200
Cameroon	1 160 628	39 372			1 200 000	US\$	1 200 000	859 200
Canada	55 088 461	2 871 353			57 959 815	CAD	75 000 000	41 499 227
Cabo Verde						US\$		
Central African Republic						US\$		
Chad	300 000				300 000	US\$	300 000	214 800
Chile						US\$		
China ^k	80 133 816	866 184			81 000 000	CNY	546 466 500	57 996 000

<i>Member State</i>	<i>Core contributions in US\$^a</i>	<i>DSF contributions in US\$^a</i>	<i>Unrestricted complementary contributions in US\$^a</i>	<i>Grant element of CPL in US\$^a</i>	<i>Total amount in US\$^a</i>	<i>Currency of contribution^b</i>	<i>Total contribution in currency of contribution</i>	<i>Equivalent in SDR^c</i>
Colombia						US\$		
Comoros						US\$		
Congo						US\$		
Cook Islands						US\$		
Costa Rica						US\$		
Côte d'Ivoire	100 000				100 000	US\$	100 000	71 600
Croatia						US\$		
Cuba	59 254				59 254	US\$	59 254	42 426
Cyprus						US\$		
Democratic People's Republic of Korea						US\$		
Democratic Republic of the Congo						US\$		
Denmark						DKK		
Djibouti						US\$		
Dominica						US\$		
Dominican Republic						US\$		
Ecuador						US\$		
Egypt	2 881 884	118 116			3 000 000	US\$	3 000 000	2 148 000
El Salvador	100 000				100 000	US\$	100 000	71 600
Equatorial Guinea						US\$		
Eritrea	40 000				40 000	US\$	40 000	28 640
Estonia						US\$		
Ethiopia						US\$		
Fiji						US\$		
Finland ^d	6 166 920	719 342			6 886 262	EUR	6 000 000	4 930 564
France ^{d,m}	44 501 919	2 098 081		22 754 827	69 354 827	US\$	69 354 827	49 658 056
Gabon	511 194	13 708			524 902	XAF	300 000 000	375 830
Gambia (The)						US\$		
Georgia						US\$		
Germany ^{d,i}			22 954 206		22 954 206	EUR	20 000 000	16 435 212
Ghana	584 251	15 749			600 000	US\$	600 000	429 600
Greece						EUR		
Grenada						US\$		
Guatemala						US\$		
Guinea						US\$		

<i>Member State</i>	<i>Core contributions in US\$^a</i>	<i>DSF contributions in US\$^a</i>	<i>Unrestricted complementary contributions in US\$^a</i>	<i>Grant element of CPL in US\$^a</i>	<i>Total amount in US\$^a</i>	<i>Currency of contribution^b</i>	<i>Total contribution in currency of contribution</i>	<i>Equivalent in SDR^c</i>
Guinea-Bissau						US\$		
Guyana						US\$		
Haiti						US\$		
Honduras						US\$		
Hungary						US\$		
Iceland						US\$		
India	39 015 700	984 300		4 115 227	44 115 227	US\$	44 115 227	31 586 503
Indonesia	9 803 140	196 860			10 000 000	US\$	10 000 000	7 160 000
Iran (Islamic Republic of)						US\$		
Iraq						US\$		
Ireland	8 248 156	359 671			8 607 827	EUR	7 500 000	6 163 204
Israel						US\$		
Italy	63 417 439	3 149 760			66 567 198	EUR	58 000 000	47 662 114
Jamaica						US\$		
Japan ^d	54 937 680	2 362 320			57 300 000	JPY	6 377 965 590	41 026 800
Jordan						US\$		
Kazakhstan						US\$		
Kenya ^e	1 000 000				1 000 000	US\$	1 000 000	716 000
Kiribati						US\$		
Kuwait ^{d, h}	12 527 536	472 464			13 000 000	US\$	13 000 000	9 308 000
Kyrgyzstan						US\$		
Lao People's Democratic Republic						US\$		
Lebanon						US\$		
Lesotho						US\$		
Liberia						US\$		
Libya						US\$		
Luxembourg ^f	2 660 012	94 493	344 313		3 098 818	EUR	2 700 000	2 218 754
Madagascar	100 000				100 000	US\$	100 000	71 600
Malawi						US\$		
Malaysia						US\$		
Maldives						US\$		
Mali						EUR		
Malta						US\$		
Marshall Islands						US\$		
Mauritania	50 000				50 000	US\$	50 000	35 800

<i>Member State</i>	<i>Core contributions in US\$^a</i>	<i>DSF contributions in US\$^a</i>	<i>Unrestricted complementary contributions in US\$^a</i>	<i>Grant element of CPL in US\$^a</i>	<i>Total amount in US\$^a</i>	<i>Currency of contribution^b</i>	<i>Total contribution in currency of contribution</i>	<i>Equivalent in SDR^c</i>
Mauritius						US\$		
Mexico						US\$		
Micronesia (Federated States of)						US\$		
Mongolia						US\$		
Montenegro						US\$		
Morocco						US\$		
Mozambique	85 000				85 000	US\$	85 000	60 860
Myanmar						US\$		
Namibia						US\$		
Nauru						US\$		
Nepal	75 000				75 000	US\$	75 000	53 700
Netherlands ^g	83 047 100	2 952 900			86 000 000	US\$	86 000 000	61 576 000
New Zealand						NZD		
Nicaragua	150 000				150 000	US\$	150 000	107 400
Niger	174 967				174 967	XAF	100 000 000	125 277
Nigeria						US\$		
Niue						US\$		
Norway ^d	42 215 126	1 791 426			44 006 552	NOK	360 000 000	31 508 691
Oman						US\$		
Pakistan	8 685 024	314 976			9 000 000	US\$	9 000 000	6 444 000
Palau						US\$		
Panama	200 000				200 000	US\$	200 000	143 200
Papua New Guinea						US\$		
Paraguay						US\$		
Peru ^d	363 188	11 812			375 000	US\$	375 000	268 500
Philippines						US\$		
Portugal ^d						EUR		
Qatar						US\$		
Republic of Korea	9 763 768	236 232			10 000 000	US\$	10 000 000	7 160 000
Republic of Moldova						US\$		
Romania						US\$		
Russian Federation ^d	9 000 000				9 000 000	US\$	9 000 000	6 444 000
Rwanda	100 000				100 000	US\$	100 000	71 600
Saint Kitts and Nevis						US\$		
Saint Lucia						US\$		

<i>Member State</i>	<i>Core contributions in US\$^a</i>	<i>DSF contributions in US\$^a</i>	<i>Unrestricted complementary contributions in US\$^a</i>	<i>Grant element of CPL in US\$^a</i>	<i>Total amount in US\$^a</i>	<i>Currency of contribution^b</i>	<i>Total contribution in currency of contribution</i>	<i>Equivalent in SDR^c</i>
Saint Vincent and the Grenadines						US\$		
Samoa						US\$		
Sao Tome and Principe						US\$		
Saudi Arabia	24 512 560	787 440			25 300 000	US\$	25 300 000	18 114 800
Senegal						US\$		
Seychelles						US\$		
Sierra Leone						US\$		
Solomon Islands						US\$		
Somalia						US\$		
South Africa						US\$		
South Sudan						US\$		
Spain						EUR		
Sri Lanka	961 589	39 411			1 001 000	US\$	1 001 000	716 716
Sudan	232 518				232 518	EUR	202 593	166 483
Suriname						US\$		
Swaziland						US\$		
Sweden ^d	57 433 024	2 282 729			59 715 753	SEK	500 000 000	42 756 479
Switzerland ^d	41 432 385	792 126	12 358 393		54 582 904	CHF	53 000 000	39 081 359
Syrian Arab Republic						US\$		
Tajikistan						US\$		
Thailand	288 188	11 812			300 000	US\$	300 000	214 800
The former Yugoslav Republic of Macedonia						US\$		
Timor-Leste						US\$		
Togo						US\$		
Tonga						US\$		
Trinidad and Tobago						US\$		
Tunisia						US\$		
Turkey						US\$		
Tuvalu						US\$		
Uganda	150 000				150 000	US\$	150 000	107 400
United Arab Emirates						US\$		
United Kingdom ^{i,d}	71 759 831	2 559 180			74 319 010	GBP	57 077 000	53 212 411
United Republic of Tanzania						US\$		
United States						US\$		

<i>Member State</i>	<i>Core contributions in US\$^a</i>	<i>DSF contributions in US\$^a</i>	<i>Unrestricted complementary contributions in US\$^a</i>	<i>Grant element of CPL in US\$^a</i>	<i>Total amount in US\$^a</i>	<i>Currency of contribution^b</i>	<i>Total contribution in currency of contribution</i>	<i>Equivalent in SDR^c</i>
Uruguay						US\$		
Uzbekistan						US\$		
Vanuatu						US\$		
Venezuela (Bolivarian Republic of)						US\$		
Viet Nam						US\$		
Yemen						US\$		
Zambia						US\$		
Zimbabwe						US\$		
Total replenishment	755 600 746	26 901 694	35 656 913	26 870 054	845 029 407			605 041 055

^a Converted to US\$ amount by applying the average exchange rate per the methodology in annex II of IFAD11/3/R.3/Add.1.

^b The following abbreviations are used for currencies:

CAD: Canadian dollar

GBP: pound sterling

SDR: special drawing right

CHF: Swiss franc

JPY: Japanese yen

SEK: Swedish krona

DKK: Danish krone

NOK: Norwegian krone

US\$: United States dollar

EUR: euro

NZD: New Zealand dollar

XAF: Central African CFA franc

CNY: Chinese Renminbi

^c Converted from US\$ amount by applying the average International Monetary Fund (IMF) US\$/SDR exchange rate for the period 1 April to 30 September 2017.

^d Subject to government/parliamentary approval and subject to the fulfillment of internal legal procedures.

^e Kenya provided IFAD with a pledge letter dated 14 August 2017 indicating confirmation that the Government of Kenya will increase its contribution towards IFAD11 to a total of US\$1 million.

^f Includes an unrestricted complementary contribution of EUR 300,000 for mainstreaming nutrition.

^g Maximum amount, subject to confirmation of the central scenario comprised of a replenishment target of US\$1.2 billion and a PoLG target of US\$3.5 billion.

^h Figure presented is the maximum amount based on confirmation of high replenishment scenario.

ⁱ Represents an unrestricted complementary contribution for mainstreaming climate.

^j An amount of EUR 386,994 has already been paid. The remaining balance will be paid in US\$.

^k An amount of US\$10 million equivalent in CNY was announced as supplementary funds for South-South and Triangular Cooperation.

^l This amount is the same as the IFAD10 pledge, equivalent in GBP. The IFAD11 pledge is to be confirmed.

^m The core contribution is denominated in US\$. The grant element of the concessional partner loan (CPL) is denominated in US\$ and the loan element of the CPL is denominated in EUR.